

POLICY FOR DIVIDEND DISTRIBUTION

BACKGROUND

This Policy applies to the distribution of dividend by HLE Glascoat Limited (the “Company”) in accordance with the provisions of the Companies Act, 2013 (“Act”) and Regulation 43 A of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015 .

OBJECTIVE

The objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company, before declaring or recommending dividend.

The Company has had an uninterrupted dividend payout since listing. In future, the Company would endeavour to pay sustainable dividend keeping in view the Company’s policy of meeting its short term and long-term fund requirements from internal accruals.

The Board of Directors may in extraordinary circumstances, deviate from the parameters listed in this policy.

PHILOSOPHY

The Company is committed to driving superior value creation for all its stakeholders. The focus will continue to be on sustainable returns, through an appropriate capital strategy for both medium term and long term value creation. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013 and the Listing Regulations.

Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company, the advice of executive management, and other parameters described in this policy. The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital.

Notwithstanding the above, the shareholders of the Company may not expect Dividend under the following circumstances:

- a. Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital
- b. Significantly higher working capital requirements adversely impacting free cash flow
- c. Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital
- d. In the event of inadequacy of profit or whenever the Company has incurred losses

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INTERIM AND FINAL DIVIDEND

The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting. The date of the Board meeting in which the Dividend proposal will be considered, will be provided to the stock exchanges, as required by Listing Regulations.

PARAMETERS TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND

- ❖ The Board of Directors of the Company shall consider the following financial / internal parameters while declaring or recommending dividend to shareholders:
 - Operating Cash flow
 - Working capital requirements
 - Capital allocation plans
 - Expansion plans (organic and/ or inorganic)
 - Profits earned during the financial year
 - Retained Earnings
 - Setting off unabsorbed losses and / or depreciation of past years, if any.
 - Earnings outlook for next three to five years
 - Liquidity and return ratios
 - Minimum cash required for contingencies or unforeseen events
 - Any other relevant factors and material events

- ❖ The Board of Directors of the Company shall consider the following external parameters while declaring or recommending dividend to shareholders:
 - Macro-economic environment - Significant changes in macro-economic environment materially affecting the business in which the Company operates;

 - Regulatory changes – Introduction of new regulatory requirements or material changes in existing taxation or regulatory requirements, which significantly affects the business in which the Company operates;

 - Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;

 - Any changes in the competitive environment requiring significant investment.

UTILISATION OF RETAINED EARNINGS

The Company shall endeavor to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders.

PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

The Company has issued equity shares and Cumulative Redeemable Preference Shares. The provisions contained in this policy shall apply to all classes of Shares of the Company.

CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the Listing Regulations, the said regulations shall prevail.

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REVIEW

This policy will be reviewed and amended as and when required by the Board.

DISCLOSURE OF THE POLICY

This Policy will be uploaded on the Company's website. at www.hleglascoat.com

AMENDMENTS

The Board may, from time to time, make amendments to this Policy to the extent required due to changes in applicable laws and regulations or as deemed fit on a review.

For & on behalf of the Board of
HLE Glascoat Limited
(Formerly Swiss Glascoat Equipments Limited)

Sd/-

Mr. Himanshu Patel
Chairperson and Managing Director

Date: 12.06.2021